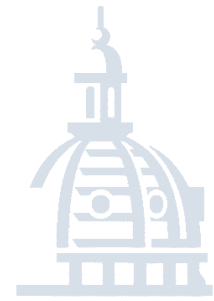


Fiscal Note

Fiscal Services Division



SF 2386 – Telecommunications Property Taxation (LSB 6277SV)
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Fiscal Note Version – New

Description

Senate File 2386 alters the method of property taxation for certain types of telecommunication property. Effective for assessment year 2017, the Bill requires property first placed in service on or after January 1, 1996, to be assessed in the same manner as commercial property. The Bill further provides for a transition period between assessment years 2013 and 2017 when the property will be assessed partially under the old system and partially under the new system.

Assumptions

- The projected assessed value for telecommunications property, for both current law and under SF 2386, was provided by the Department of Revenue.
- The assessment limitation factor (rollback) for telecommunications property is 100.0%.
- The average tax rate for telecommunications property for assessment year 2011 is \$30.00 per thousand and the average rate will increase 1.63% each assessment year (the annual average increase in the average statewide property tax rate from assessment year 1999 through assessment year 2008).
- The uniform school foundation aid property tax rate is \$5.40 per thousand of taxable valuation.

Fiscal Impact

Changing the method of assessment of telecommunications property for property tax purposes is projected to increase the State General Fund appropriation for school aid and reduce local government property tax revenue by the amounts in the following table.

Fiscal Year	Tax Rate Per Thousand	Assessed Value Under Current Law in Thousands	Assessed Value Under SF 2386 in Thousands	Assessed Value Reduction in Thousands	Impact on State School Aid Appropriation in Millions	Impact on Local Government Revenue in Millions	Property Tax Reduction in Millions
FY 2015	\$ 32.00	\$ 1,616	\$ 404	\$ -1,212	\$ 6.5	\$ -32.3	\$ -38.8
FY 2016	32.53	1,665	416	-1,249	6.7	-33.9	-40.6
FY 2017	33.06	1,714	429	-1,285	6.9	-35.6	-42.5
FY 2018	33.60	1,766	441	-1,325	7.2	-37.3	-44.5
FY 2019	34.14	1,818	418	-1,400	7.6	-40.2	-47.8

The Department of Revenue also indicates that federal law prohibits the taxation of railroad property in a manner different than other types of commercial property and indicates that this change to the taxation of telecommunications property could require a reduction in the assessed value of railroad property as well. Should this happen, the additional impact on the State General Fund and on local government revenue would be similar in size to the reductions estimated in the table above.

Sources

Department of Revenue

Historical property value and property tax records, FY 2001 to FY 2010

/s/ Holly M. Lyons

March 24, 2010

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
